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THE FARM PICTURE BEFORE KOREA

SINCE 1947 farm real estate activity has gone a long way - mostly down. In that year voluntary sales reached a peak of 57.7 per 1000 farms. By March 1950 this index had fallen 36% to 37.1 sales per 1000 farms. The chart below shows voluntary and forced sales of farms from 1926 through 1949 and the estimated figure for voluntary sales in the first quarter of 1950.

The decline in farm real estate activity has been rather widespread as can be seen from the charts showing the yearly changes by States. These charts appear on pages 324 through 327. It will be noticed that some States have shown recent gains in activity. They are Idaho and Florida, and the New England States of Maine, New Hampshire, Rhode Island, Massachusetts and Connecticut. The largest declines in farm real estate activity are found in Tennessee and both Dakotas, where in each State the index has slipped to 50% below its peak. Other States with declines ranging from 42% to 46% are Oklahoma, Georgia, Indiana and Kentucky.

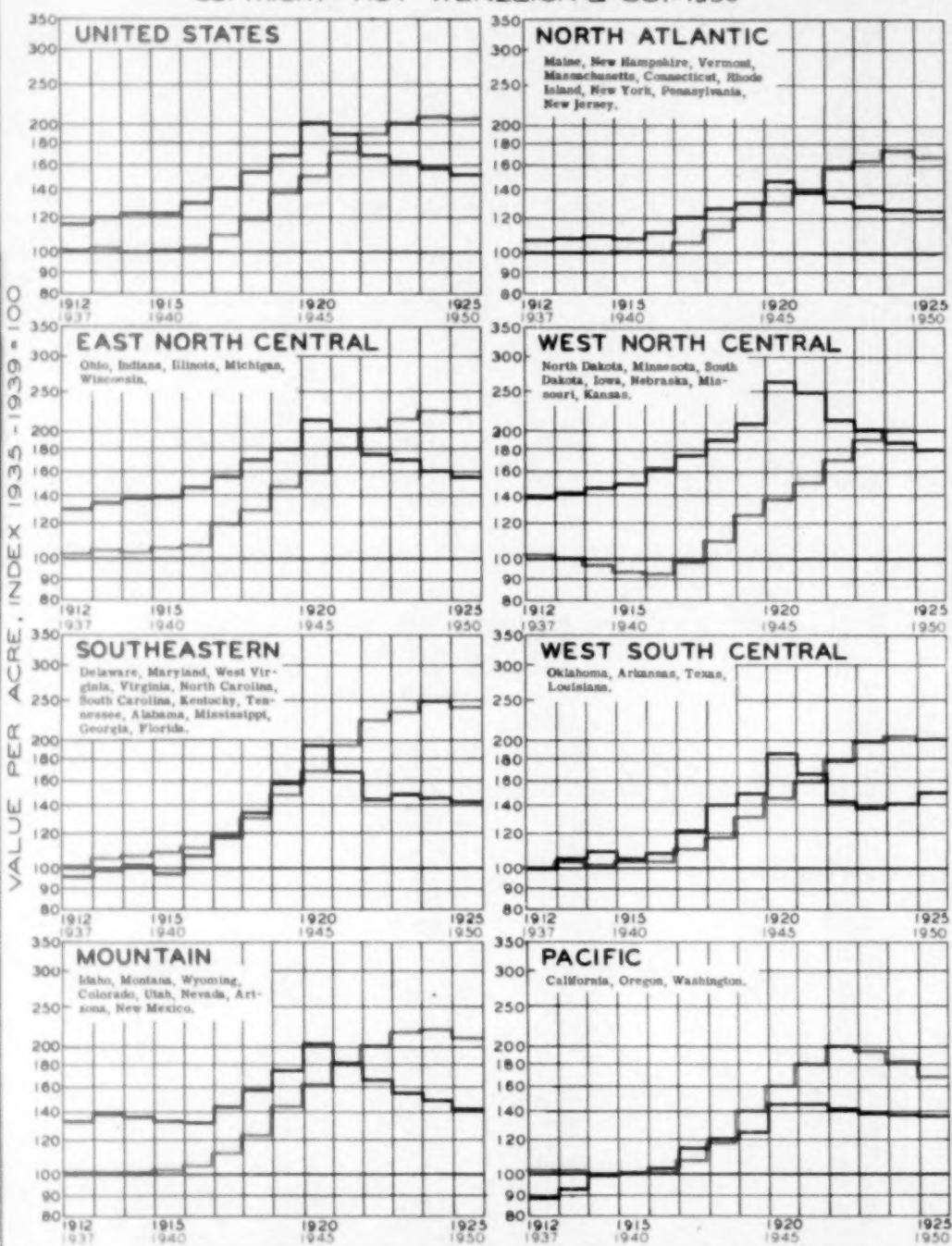
Maine has the highest farm foreclosure rate in the country and Vermont is a close second. During the first quarter of 1950 the foreclosure rate in Maine ran 5 per 1000 farms and in Vermont it ran 4.5. These figures are both considerably above the national average of 1.4. Connecticut and North Dakota have the lowest foreclosure rates, only .2 per 1000 farms.

(cont. on page 323)



FARM VALUES IN THE UNITED STATES

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(cont. from page 321)

Farm land values, shown by regions on page 322, have not dropped so spectacularly as has farm real estate activity, nor are they likely to so long as price supports and the war scare are with us. They are, however, down for the nation as a whole. The red lines on these charts represent the course farm land values have taken during the 1937-1950 period, and the blue lines represent the course farm land values took during 1912-1925. It is apparent from these charts that the "heavy farming" regions (East North Central, West North Central, Southeastern and West South Central) have held their values at almost their peak level, while farm lands in the Pacific Region have experienced the biggest drops.

This farm picture as it existed at the end of the first quarter of 1950 has now become darkened and made somewhat obscure by the smoke rising from Korea. Anyone interested in farms is vitally concerned with the future course of farm prices, farm land values and the rate of turnover in farm sales (farm real estate activity). Over these three factors hangs the large question mark punctuating the query, "Shall I buy - or shall I sell?" Right now, our answer would be, "Do neither." There is plenty of time to move in either direction once the international picture becomes clearer.

It may be helpful to compare the present status of some of the basic agricultural factors with their status in the early 1940's. For example, farm land values over the nation as a whole have already increased nearly 80% over their 1941 level. This strong rise resulted from steadily increasing prices of farm products, and led to an enormous expansion in agricultural output. Therefore, in 1940 there was ample room for expansion of our agricultural plant and output, while today our farms are being worked much more intensively and extensively. Then, too, in 1940 the prices of farm products were at the tail end of a long depressed period with very little place to go except up. Today they are virtually at their postwar peak and have been sent there and held there by government controls. The farm program to keep prices high has also resulted in tremendous agricultural surpluses that did not exist at the beginning of the last war.

It seems, therefore, that there is no basic reason for the prices of food and fiber to rise. Our agricultural economy has never been stronger, its capacity to produce has never been greater, and its surpluses have never been more abundant. Attempts at hoarding are ridiculous and will either be shortlived or will be curtailed by a government rationing program.

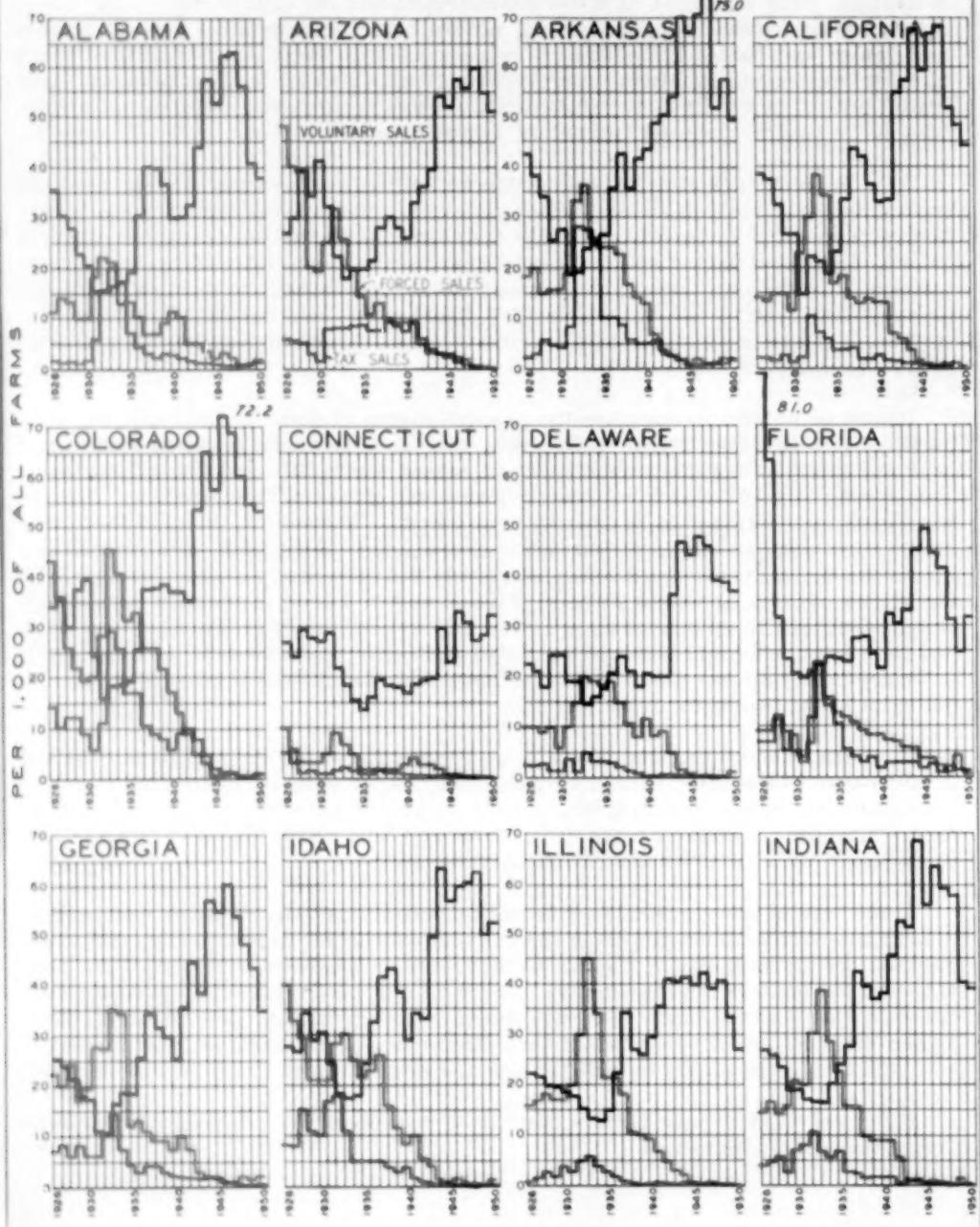
In the face of these generalities farm land values may still increase, particularly if an all-out war emerges from the present situation. If they occur, however, they will not be on so large a scale as they were in the 1940-1947 period and they may come about even more slowly. There is one factor that can speed up their possible rise - speculation. If enough people begin speculating in farm lands, farm prices will undoubtedly rise faster than otherwise. Nevertheless, these changes will still take place slowly enough to allow any alert investor to get into the market.

So, if you have a good farm - keep it; if you haven't - you will lose little by waiting to select a bargain.

VOLUNTARY AND FORCED SALES OF FARMS IN 48 STATES

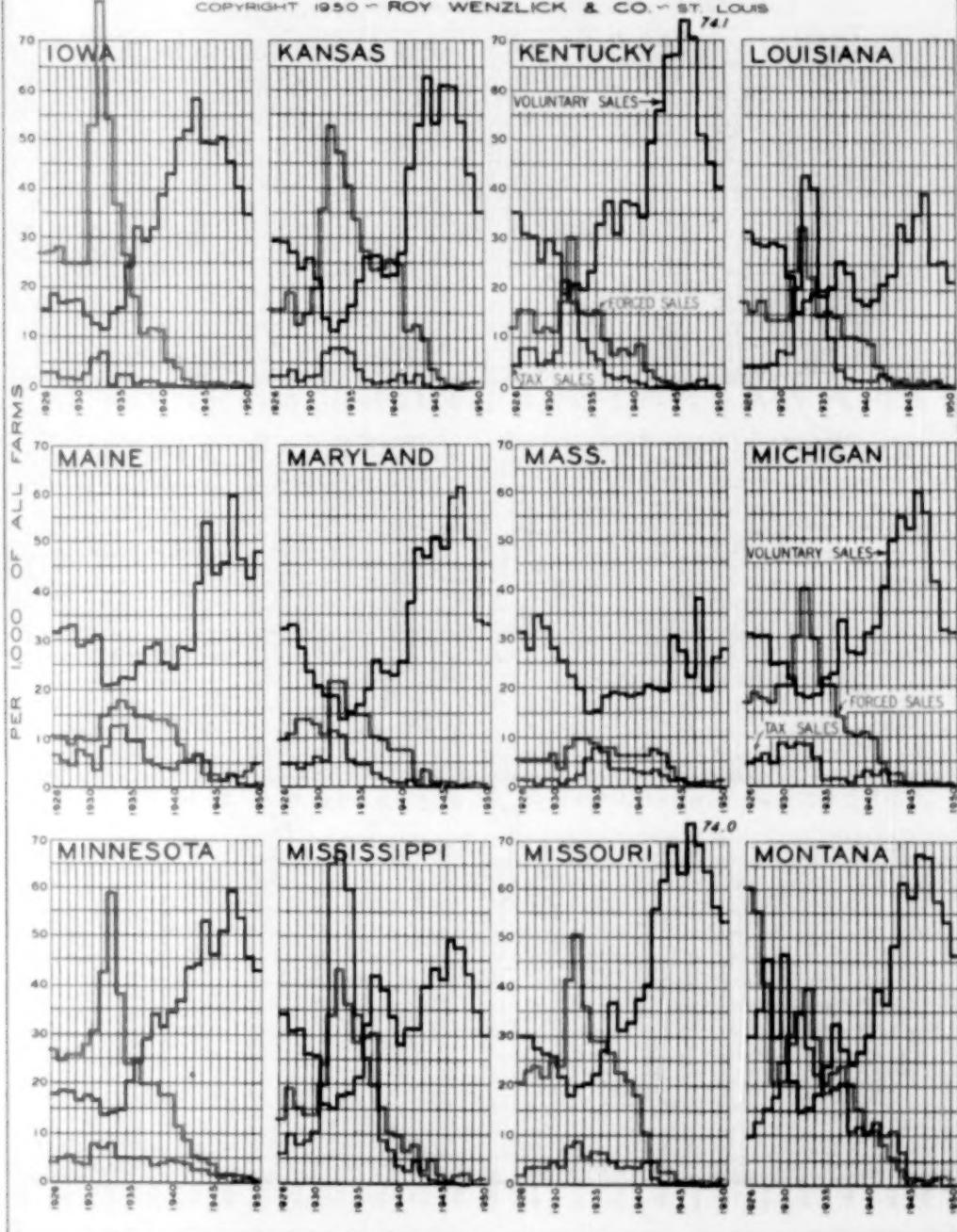
PER 1,000 OF ALL FARMS

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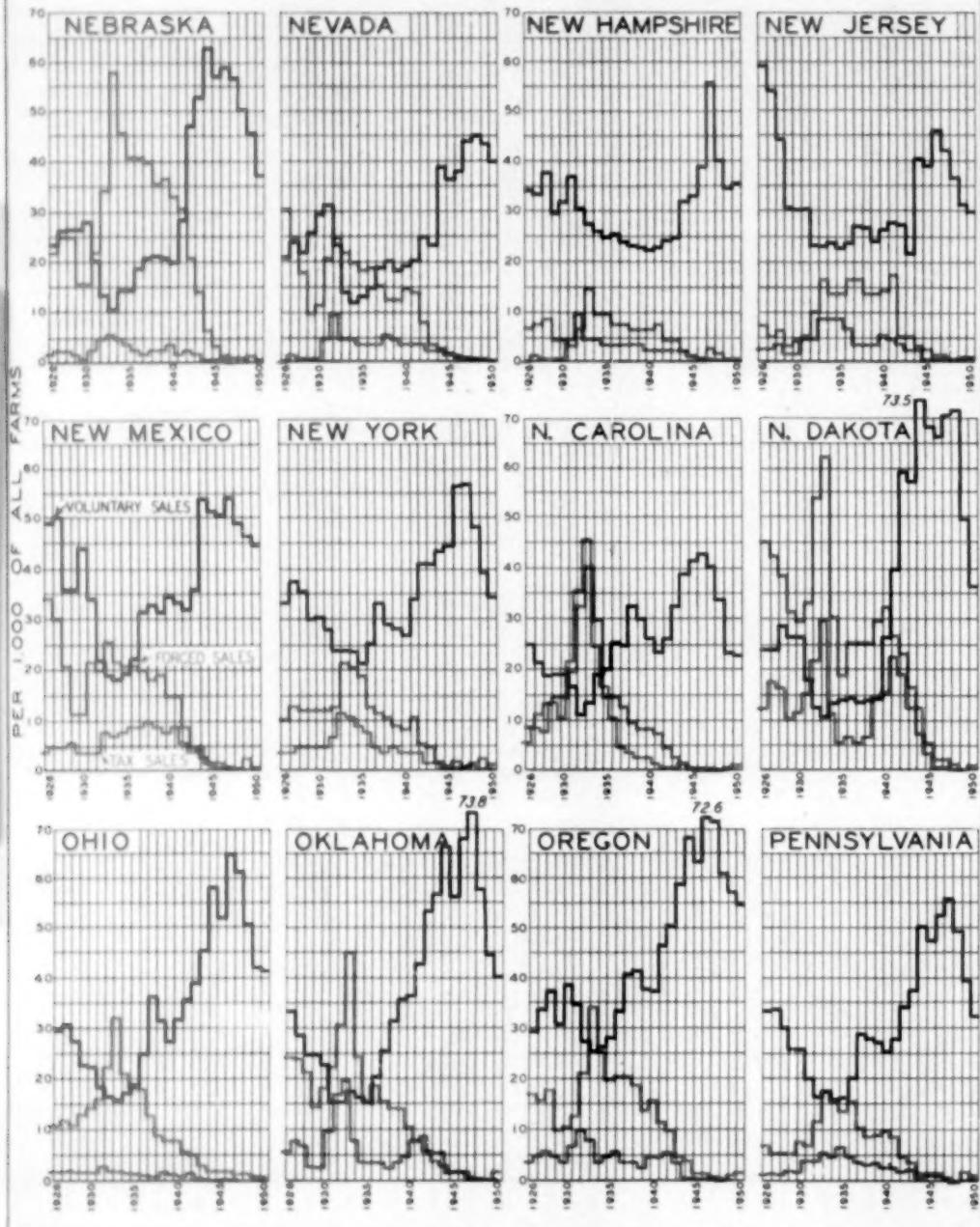
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